

AMENDED

MINUTES

Louisiana Deferred Compensation Commission Meeting October 15, 2013

The Monthly Meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, October 15, 2013, in the offices of the Plan Administrator, 2237 South Acadian Thruway, Suite 702, Baton Rouge, Louisiana 70808.

Members Present

Emery Bares, Chairman, Designee of the Commissioner of Insurance
Virginia Burton, Secretary, Participant Member
Lela Folse, Designee of the State Treasurer
Andrea Hubbard, Designee of the Commissioner of Administration
Len Riviere, Designee of Commissioner of Financial Institutions
Troy Searles, Participant Member

Not Present

Whit Kling, Vice-Chairman, Participant Member

Others Present

David Lindberg, Consultant, Wilshire Associates, Inc.
Lindsey Hunter, Louisiana Attorney General's Office
Connie Stevens, Director, Client Relations and Plan Consultants, Baton Rouge GWF
Jo Ann Carrigan, Lead Office Coordinator, Baton Rouge GWF

Call to Order

Chairman Bares called the meeting to order at 10:01 a.m.

Approval of Commission Meeting Minutes of August 20, 2013

The minutes of August 20, 2013 were reviewed. Ms. Burton motioned for acceptance of the minutes. Mr. Riviere seconded the motion. The Commission unanimously approved the minutes.

Acceptance of Hardship Committee Report of October 4, 2013

Mr. Riviere motioned for acceptance of the Hardship Committee Report October 4, 2013. Ms. Burton seconded the motion. The Commission unanimously approved the report.

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Public Comments: There was no one from the public in attendance.

Administrator's Report

Plan Summary as of September 30, 2013, was presented by Ms. Stevens. Assets as of September 30, 2013: \$1,314.48 Billion. Asset change YTD: \$103.70 Million. Contributions YTD: \$78.09 Million. Distributions YTD: \$79.58 Million. Ms. Stevens noted that this is the first time that distributions surpassed contributions due in part to hospital closures. Net Investment gain YTD: \$103.70 Million.

Participation by Asset Class and Investment Option: Ms. Stevens presented the assets in order of size from largest to least: Stable Value, Large Cap, Target Date Funds, International Funds.

Securities Sold in the Louisiana Stable Value Portfolio August, 2013: Sold security 3137EACA5. FHLMC 3.75% Due 3/27/2019.

Unallocated Plan Assets: Ms. Stevens presented the UPA Account activity for August and September, 2013. August additions included: Mutual Fund Fees and Great-West Revenue. Due to the fund change in May, third quarter revenue will be reduced as the Great-West Revenue will be eliminated and the Mutual Fund Fees will be reduced. The ending balance in the UPA account for the month of September was \$3.276 Million. Ms. Hunter noted that the Department of Justice contract for the Plan expired in June, 2013. Mr. Searles motioned that the Commission enter into a new, three year contract with the same terms and to be billed annually. Mr. Riviere seconded the motion. The Commission unanimously approved the motion. Ms. Hunter will provide new contract paperwork at the November, 2013 Commission Meeting.

Board and Commissions Website Update: Ms. Stevens asked Commission Members to review the Board and Commissions Website. It was determined that Ms. Hunter will review the site for accuracy.

Defense of Marriage Act: The Supreme Court ruled that effective September 16, 2013, for IRS purposes, all legal same-sex marriages must be recognized for retirement plan purposes. No change to the Plan Document is required.

Retirement Readiness Report Card: Ms. Stevens introduced a new service offered through Great-West demonstrating participant "readiness for retirement." This is a new service and will be revisited as an option for LA Deferred Compensation in the future.

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Payroll Automation Update

One year ago, there were 225 non-automated payrolls in the Plan. As of October 9, 2013, there are now 98 non-automated payrolls in the Plan. A letter from the Commission to non-automated payrolls will be mailed/mailed on October 25, 2013. The remaining payrolls are small in size. Three additional payroll automation webinars have been scheduled during the first week of November.

Beneficiary Records Update

Action taken regarding non-electronically stored beneficiary information for the third quarter includes: An article in the newsletter, a message on the statements, a blank beneficiary form included in the statement envelope, and a “pop-up” message on the web page on both post and pre-login screens. To date, there are 2,639 participant members without electronic beneficiary information. There was discussion among the members regarding where the money in participant accounts goes if no beneficiary is noted on file. Proposed action to be taken with the 2,639 no-beneficiary files: 1) Temporary staff to be hired to “scrub” paper files for missing beneficiaries; 2) Great-West has agreed to accept “old paper forms” that will be entered on to participant electronic files; 3) Great-West will contact remaining participants with no beneficiary on record.

Investment Review-Wilshire Associates – David Lindberg

Mr. Lindberg reviewed a “flash report” of funds as of September 30, 2013. There are three funds being watched by Wilshire due to organizational issues related to changes in portfolio managers. Those funds are: American Funds Capital World Growth, American Funds EuroPacific Growth and MFS International Value. Overall, participants have enjoyed good returns over the past five years. Ms. Burton inquired about the use of alternative investments in the Target Date funds. Mr. Lindberg noted that Defined Benefit Plans are tactically using alternative investments. In the Deferred Compensation world, Target Date Funds are seen as more traditional asset plans. Mr. Wilshire suggested this issue be a topic for future meetings.

Marketing Report

Ms. Stevens reviewed the Marketing Report that included August and September activity. There were 377 new applications received during the months of August and September averaging \$3,874 per application. There were 434 increases and restarts at an average of \$7,923 per request. The contract has a group meeting goal of 1,300 meetings per year. The Retirement Plan Counselors have held 1,066 through September 30, 2013 (exceeding the goal, year-to-date by 136). Benefit Fairs are being held during the month of October. Ms. Stevens participated in a podcast with LASERS during the week of October 7th

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which will be added to the LASERS web page. Ron Nichols, Retiree-Advocate with Great-West, presented a series of seminars during the month of August which were held in the cities of Baton Rouge, Lake Charles, New Orleans and Shreveport. There were eight seminars held with a total of 244 participants. Action from the seminars included, reviews of accounts, Incoming Transfer information and increases. Copies of the presentation were mailed upon request. Great-West will soon be offering a mobile application to participants wishing to check their accounts from their phones.

Other Business

Covered Call Writing for Self-Directed Brokerage: Mr. Lindberg responded to an inquiry from a participant regarding the option of adding “Covered Call Writing” to Self-Directed Brokerage. Mr. Lindberg stated that in his opinion, Covered Call Writing is not appropriate for a Deferred Compensation Plan. Further, Mr. Lindberg suspected that there may be regulatory issues preventing this option. Mr. Searles stated that he would relay this information to the participant who submitted the inquiry.

Ethics Training Requirement: Ms. Hunter reported that Commission members are required to complete a one hour Ethics Training course each year (effective 2012). This course can be completed on-line. Ms. Hunter volunteered to send the website link to Ms. Stevens for forwarding to Commission members.

Adjournment

With there being no further items of business to come before the Commission, Chairman Emery Bares declared the meeting adjourned at 11:01 a.m.

Virginia Burton, Secretary